DEPARTMENT OF JUSTICE

QUEEN'S PRINTER REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure/recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
August 4, 2000

Statement 1

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
BALANCE SHEET
As at March 31

	2000	1999
ASSETS		
Current:		
Accounts receivable	$ 88,106	$ 143,659
Inventories	32,960	75,627
Prepaid expenses	998	100
Total current assets	122,064	219,386
Capital assets (Note 5)	24,382	23,879
Total Assets	$ 146,446	$ 243,265
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable	$ 60,966	$ 124,828
Unearned revenue (Note 6)	79,065	76,719
	140,031	201,547
Non-current liabilities:		
Accumulated net (recovery)/expenditure (Statement 3)	(15,784)	19,537
Fund Equity:		
Accumulated operating surplus (Statement 2)	22,199	22,181
Total Liabilities and Fund Equity	$ 146,446	$ 243,265

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	2000		1999
	Budget (Note 9)	Actual	Actual
Sales	$ 911,750	$ 782,730	$ 851,537
Cost of goods sold	(459,500)	(296,878)	(420,420)
Gross profit	452,250	485,852	431,117
Expenses:			
Salaries	357,500	398,548	361,817
Information technology	12,500	25,098	21,134
Amortization	18,500	24,815	30,694
Telephone	12,000	10,480	11,106
Office supplies	18,500	9,899	14,257
Other	30,000	16,994	16,414
Total expenses	449,000	485,834	455,422
Income (loss) from operations	3,250	18	(24,305)
Subsidy from General Revenue Fund	---	---	---
Net income (loss)	3,250	18	(24,305)
Accumulated operating surplus, beginning of year	31,750	22,181	46,486
Accumulated operating surplus, end of year (Statement 1)	$ 35,000	$ 22,199	$ 22,181

(See accompanying notes to financial statements)

Statement 3

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/RECOVERY
FOR THE YEAR ENDED MARCH 31

	2000	1999
Financing (provided by) required for operating activities:		
Net (income) loss	$ (18)	$ 24,305
Items not affecting working capital -amortization	(24,815)	(30,694)
Net (decrease) in working capital items related to operations (Note 7)	(35,806)	(120,180)
	(60,639)	(126,569)
Financing (provided by) required for investing activities:		
Purchase of capital assets	25,318	8,427
Net (recovery)/expenditure	(35,321)	(118,142)
Accumulated net expenditure, beginning of year	19,537	137,679
Accumulated net (recovery)/expenditure, end of year - to Statement 1	$ (15,784)	$ 19,537

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/ Recovery and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the fund includes the following:

i) the net cash expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from other government agencies.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of unsold Acts and Publications, books and loose-leaf releases and binders.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% for equipment, and 33 1/3% for computer hardware and software.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* specifies that the maximum amount of accumulated net expenditures which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 9.1(4) of *The Queen's Printer's Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Justice's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	2000			1999
	Acquisition Value	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 160,328	$ 141,345	$ 18,983	$ 18,168
Computer Software	24,500	24,500	0	1,260
Equipment/Furniture	19,043	13,644	5,399	4,451
	$ 203,871	$ 179,489	$ 24,382	$ 23,879

6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* and the Queen's Printer Electronic Subscription Service are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

7. Net Change in Working Capital Items Related to Operations

	2000	1999
(Decrease) in accounts receivable	$ (55,553)	$ (153,612)
(Decrease) in inventory	(42,667)	(56,022)
Increase/(decrease) in prepaid expenses	898	(5,518)
Decrease in accounts payable	63,863	88,050
(Increase)/decrease in unearned revenue	(2,347)	6,922
	$ (35,806)	$ (120,180)

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	2000	1999
Expenses	$113,142	$114,493
Accounts payable	6,364	15,302

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year end are as follows:

Category	2000	1999
Revenue	$ 288,118	$ 343,401
Accounts receivable	52,441	69,788

In addition, the Revolving Fund pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has already occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Revolving Fund, including those related to the efforts of customers, suppliers, or other third parties, have been fully resolved.

12. Amount Reported in the Public Accounts

The net (financing requirement)/recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2000	1999
Net income (loss) before subsidy	$ 18	$ (24,305)
Amortization expense	24,815	30,694
Decrease in inventory	42,667	56,022
(Increase) in net capital assets	(25,318)	(8,427)
Timing differences in recording transactions	4,432	(66,064)
Net (financing requirement)/recovery, reported in the Public Accounts	$ 46,614	$ (12,080)